

SAKAE HOLDINGS LTD.

Company Registration Number 199604816E
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE MALAYSIA PROPERTY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sakae Holdings Ltd. (the “**Company**” or together with its subsidiaries, the “**Group**”) refers to the resolution passed at the Extraordinary General Meeting (“**EGM**”) held on 20 April 2020 (the “**Resolution**”). Capitalized terms used herein shall have the same meaning as used in the circular to the Resolution.

Following the adoption of the Disposal Mandate for the proposed disposal of the properties in Malaysia by the Company and/or the Group (i.e. Swift Equity Sdn. Bhd. (known as the “**Vendor**”), the Group wishes to announce that it has, on 10 June 2020, received from the Vendor’s solicitors in Malaysia (Messrs. Pei Chambers), a copy of the executed and duly stamped Sale and Purchase Agreement in relation to – a freehold commercial boutique bungalow building (with lift) on freehold land located at No. 3, Jalan Udang Harimau 2, Medan Niaga Kepong, 51200 Kuala Lumpur, Malaysia (referred to in the Resolution and hereinafter as “**Property 1**”) at the proposed purchase price of RM6,500,000 (equivalent to approximately S\$2,109,250) (“**Proposed Disposal**”).

As shared at the EGM, based on the valuation report dated 28 June 2019 (“**Previous Report**”) issued by KGV International Property Consultants (M) Sdn Bhd (“**KGV International**”), the market value of Property 1 was RM6,200,000 (equivalent to approximately S\$2,011,900) (“**Valuation Price**”). As the valuation report has been more than six (6) months, the Company has done a revaluation for Property 1 in accordance with the terms of the Resolution. Based on the letter of update of valuation dated 13 May 2020 issued by KGV International, the date of valuation is taken to be 12 May 2020 and the present market value is the same as the Previous Report, which is, RM6,200,000 (equivalent to approximately S\$2,011,900). While KGV International has not reinspected Property 1, they have made relevant investigations before deriving the present market value.

As the Proposed Disposal is higher than the Valuation Price, as well as considering the current economic climate, the Board is of the view that accepting this offer is in the best interest of the Group and the Shareholders. As such, the Board has approved the proposed disposal of Property 1. The Group is now awaiting the completion of the sale and will provide further updates as necessary and appropriate.

2. INFORMATION RELATING TO THE PROPOSED DISPOSAL

2.1 Information on the Purchaser

The purchaser of Property 1 under the SPA is Seafood Island Malaysia Sdn. Bhd. ("**Purchaser**"). The Purchaser may be financing the purchase of Property 1 through a loan from a bank or other financial institution.

2.2 **Salient Terms of the Proposed Disposal**

The Proposed Disposal is conditional upon the Company, as a listed company on the SGX-ST having obtained all approval from the Company's Shareholders at a general meeting within fifty (50) days from the date of the SPA ("**Conditional Period**");

In the event that the Group fails to fulfill the Condition Precedent within the Conditional Period, the Purchaser shall have the option to either elect:

- (a) to grant a further extension to the Conditional Period for the Group's fulfilment of the Condition Precedent; or
- (b) to terminate the SPA by giving a notice in writing to the Group whereupon the Group shall forthwith within fourteen (14) days from the date the Group's receipt of the said notice of termination, refund the Deposit Sum and/or all the monies paid by the Purchaser pursuant to the provisions under this Agreement free of interest to the Purchaser failing which the Vendor shall pay a late refund interest on any outstanding sum due to the Purchaser.

Property 1 is presently charged to **CIMB BANK BERHAD (Company No. 947162-V)** of Menara Southern Bank, 83, Medan Setia Satu, Plaza Damansara, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (hereinafter referred to as "**Chargee Bank**") as security for banking facilities granted to the Vendor.

2.3 **Consideration**

Based on the SPA, the purchase price for the Proposed Disposal is RM6,500,000 (equivalent to approximately S\$2,109,250 based on the exchange rate of RM1.00 : S\$0.3245 as at the date immediately preceding the date of this Announcement) (the "**Consideration**").

Prior to the execution of the SPA, the Purchaser has paid to the Vendor's authorised realty agent, Tech Realtors Properties Sdn Bhd (Company No. 1066954-K) a sum of **Ringgit Malaysia One Hundred Thirty Seven Thousand and Eight Hundred (RM137,800.00)** (equivalent to approximately S\$44,716) only being the payment of the earnest deposit (hereinafter be referred to as "**the Earnest Deposit**"). Upon the execution of the SPA, the Purchaser shall pay to the Vendor, a further sum of **Ringgit Malaysia Five Hundred Twelve Thousand and Two Hundred (RM512,200.00)** (equivalent to approximately S\$166,209) only (hereinafter referred to as the "**Balance Deposit**"), in the following manner:

- (a) A sum equivalent to three per centum (3%) of the Consideration amounting to **Ringgit Malaysia One Hundred and Ninety Five Thousand (RM195,000.00)** (equivalent to approximately S\$63,278)

only (hereinafter referred to as the "**Retention Sum**") to be retained by the Purchaser's solicitors; and

- (b) A balance sum amounting to **Ringgit Malaysia Three Hundred Seventeen Thousand and Two Hundred (RM317,200.00)** (equivalent to approximately S\$102,931) only to the Vendor upon the execution of the SPA.

The Earnest Deposit and the Balance Deposit shall collectively be referred to as "**Deposit Sum**". The Deposit Sum shall in the event of the completion of the sale and purchase herein form part payment towards the Consideration.

- (c) Within **Three (3) months** from the Unconditional Date (hereinafter referred to as the "**Completion Period**") the Purchaser shall pay, the balance sum of **Ringgit Malaysia Five Million Eight Hundred and Fifty Thousand (RM5,850,000.00)** (equivalent to approximately S\$1,898,325) only (hereinafter referred to as the "**Balance Purchase Price**") of the Consideration to the Vendor's solicitors (Messrs. Pei Chambers) as stakeholder to be dealt with in accordance with the terms and conditions of the SPA save and except where the Balance Purchase Price or a part thereof is to be utilized to redeem the Property 1 from the Chargee Bank pursuant to Clause 5 of the SPA, the payment of the sum equivalent to the sum required to redeem Property 1 from the Chargee Bank, may be made payable directly to the Chargee Bank.
- (d) In the event that the Purchaser is unable to pay the Balance Purchase Price within the Completion Period for any reason, the Vendor shall grant to the Purchaser an extension of **One (1) month** from the date of expiry of the Completion Period to pay the Balance Purchase Price (hereinafter referred to as "**the Extended Completion Period**"). PROVIDED ALWAYS that the Purchaser shall pay to the Vendor interest on the Balance Purchase Price or any outstanding balance thereof at the rate of **Eight per centum (8%)** per annum calculated on a day to day basis (hereinafter referred to as "**the Late Payment Interest**") from the first day of the Extended Completion Period until the date of receipt of full payment by the Vendor's solicitors.

2.4 Completion

The completion of the sale and purchase of Property 1 shall take place upon the receipt of the Balance Purchase Price by the Vendor's solicitors in accordance with as applicable, together with any Late Payment Interest (if any) (hereinafter referred to as "**Completion Date**").

3. RATIONALE AND USE OF PROCEEDS

The Company expects to utilise the proceeds of the Proposed Disposal for general working capital of the Group and for repayment of bank loans (excluding those associated with the Malaysia Properties).

4. CHAPTER 10 OF THE LISTING MANUAL

Relative Figures Under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on latest unaudited consolidated financial statements of the Company for the period ended 31 March 2020 (“FY2020”) are as follows:

Listing Rule	Bases of Computation	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	7.18% ¹
1006(b)	Net profits attributable to the assets disposed of, compared with the Group’s net loss	1.65% ²
1006(c)	Aggregate value of the consideration received, compared with the Company’s market capitalisation ³ based on the total number of issued shares excluding treasury shares	33.61% ⁴
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁵
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable ⁶

¹ Under Rule 1002(3)(a), “net assets” means total assets less total liabilities. The net asset value of Property 1 is approximately RM6,200,000 (equivalent to approximately S\$2,011,900) based on updated KGV International valuation report dated 12 May 2020, whilst the net asset value of the Group is S\$28,003,006 as at 31 March 2020.

² Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or (loss) before income tax, minority interests and extraordinary items.

³ For purpose of illustration and for purpose of this Circular, the market capitalisation of the Company is determined by multiplying the 139,472,000 Shares (excluding treasure shares) by S\$0.045 per share on 11 June 2020, being the closing price of such shares transacted on the market day immediately preceding the Latest Practicable Date.

⁴ Calculated based on the Consideration of RM6,500,000 (equivalent to approximately S\$2,109,250) for Property 1 as set out in paragraph 2.3 above.

⁵ This basis is not applicable as it is not an acquisition.

⁶ This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figure computed pursuant to Rule 1006(c) in respect of the Proposed Disposal exceeds 20%, the Proposed Disposal constitutes a “major transaction” as defined under Chapter 10 of the Listing Manual. The Proposed Disposal forms part of the Disposal Mandate, and the approval of the Company’s Shareholders for the Disposal Mandate was obtained by the Company at an EGM held on 20 April 2020.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Disposal.

The following financial effects of the Proposed Disposal are computed based on the latest unaudited consolidated financial statements of the Group for FY2020 and the following bases and assumptions:

- (a) For the purposes of illustrating the financial effects of the Proposed Disposal of Property 1 on the EPS of the Group, it is assumed that Property 1 was disposed of on 31 March 2020; and
- (b) For the purposes of illustrating the financial effect on the NTA per Share of the Group, it is assumed that Property 1 was disposed of on 31 March 2020;

Effect on NTA per share

	Before Proposed Disposal	After Proposed Disposal
NTA (S\$'000)	28,003	25,991
Number of issued shares	139,472	139,472
NTA per share (cents)	20.08	18.64

Effect on EPS

	Before Proposed Disposal	After Proposed Disposal
Loss attributable to equity holders of the Company (S\$'000)	(3,024)	(2,972)
Weighted average number of issued shares	139,472	139,472
EPS (cents)	(2.17)	(2.13)

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings in the Company, if any).

7. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the board of directors in connection with the Proposed Disposal. Accordingly, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal.

8. DOCUMENTS FOR INSPECTION

Copies of the SPA and the valuation reports are available for inspection at the registered office of the Company at 28 Tai Seng Street, Sakae Building Level 7, Singapore 534106, during normal business hours for three (3) months from the date of this Announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

10. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Disposal is subject to the fulfilment of certain conditions precedent of the SPA.

The Board will continue to keep the shareholders updated on material developments on the disposal as and where appropriate to do so.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. In particular, Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action to be taken should consult their stockbrokers, bank managers, lawyers, accountants or other professional advisers.

By Order of the Board

Douglas Foo Peow Yong
Executive Chairman

12 June 2020